

PUBLIC UTILITIES COMMISSION  
Investigation of Retail Electric Transmission  
Services and Jurisdictional Issues

2001 STIPULATION REGARDING  
BANGOR HYDRO-ELECTRIC  
COMPANY

Docket No. 99-185

The purpose of this Stipulation is to resolve all outstanding issues in this proceeding.

WHEREAS by Stipulation dated May 22, 2000 and approved by Commission Order dated August 11, 2000 the parties agreed as follows:

The parties further agree that subsequent to the filing of the Company's 2000 FERC Form 1, scheduled to be filed March 31, 2001, the Company shall file with the Commission an estimate of its retail transmission rates for the period June 1, 2001 through May 31, 2002, together with any proposed revisions to its retail distribution rate schedules to be effective June 1, 2001. Such filing shall include a Company proposal regarding the continuation, modification or elimination of the accelerated amortization contemplated by this paragraph. Subsequent to filing, the Company agrees to work with the parties to develop an appropriate approach that considers rate stability and other legitimate rate design and ratemaking concerns.

WHEREAS the Company made such a filing on May 14, 2001, as subsequently amended on May 31, 2001 and June 5, 2001, proposing to maintain combined transmission and distribution rates at current levels by terminating the incremental annual \$2,444,758 amortization of the asset sale gain account established in the May 22, 2000 Stipulation and establishing an incremental \$1,592,112 amortization from the Company's asset sale gain account on an annual basis for the period June 1, 2001 and ending on May 31, 2002; and

WHEREAS the parties agree that maintaining combined transmission and distribution rates at current levels is desirable at this time;

NOW THEREFORE, the parties agree as follows:

1. To provide rate stability to retail customers, the parties agree that it would be appropriate for the Commission to issue an accounting order authorizing the Company to utilize

additional amounts from the gain on the Company's asset sale to reduce retail distribution rates in an amount that is equal to the scheduled increase in retail transmission rates. Specifically, the parties agree that the Company should adjust the amortization to reduce retail distribution revenue requirements by \$1,592,112, or \$132,676 per month, for the period June 1, 2001 through May 31, 2002, as set forth in Attachment 1 to this Stipulation. No revised retail rate schedules will be filed at this time since combined retail transmission and distribution rates will remain at current levels.

2. The parties recognize that the Company's transmission rates filed with the FERC on June 15, 2000, and upon which this Stipulation is based, do not include any surcharges that may be permitted pursuant to Section 2.4 of the Stipulation in FERC Docket No. ER00-980-000. The Company has calculated that a surcharge to retail customers of approximately \$450,000 is necessary to recover a deficiency related to the period June 1, 2000 through May 31, 2001. The Company agrees to defer implementation of any surcharge implemented to recover this amount until the change in transmission rates scheduled to occur on June 1, 2002. The Company intends to calculate carrying costs on this deferral in accordance with FERC policy (i.e., using the standard interest rate established by FERC from time-to-time for the calculation of refunds and surcharges).

3. The parties further agree that subsequent to the filing of the Company's 2001 FERC Form 1, scheduled to be filed March 31, 2002, the Company shall file with the Commission an estimate of its retail transmission rates for the period June 1, 2002 through May 31, 2003, together with any proposed revisions to its retail distribution rate schedules to be effective June 1, 2002.

4. The parties further agree that absent an agreement and/or a Commission order to continue an incremental amortization of the asset sale gain account for the purpose of maintaining

combined transmission and distribution rates at current levels, the Company's would file amended distribution rate schedules to reflect the termination of such incremental amortization of the asset sale gain account.

5. Since the incremental use of the asset sale gain account during the period June 1, 2001 through May 31, 2002 may benefit some individual rate classes to a greater extent than others, the parties agree that the Commission may consider the relative benefit of such utilization of the asset sale gain account in future proceedings establishing the Company's stranded cost revenue requirement and rate design to ensure that all classes are credited through rates a reasonable share of the asset sale gain account over the period of its availability.

#### PROCEDURAL MATTERS

6. The parties to the Stipulation hereby waive any rights that they have under 5 M.R.S.A. §9062(4) and Section 742 of the Commission Rules of Practice and Procedure to the extent necessary to permit the Advisory Staff to discuss this Stipulation and the resolution of this case with the Commissioners at the Commission's scheduled deliberations, without providing to the parties an Examiners Report or the opportunity to file Exceptions.

7. The record on which the parties enter into this Stipulation and on which the Commission may base its determination whether to accept and approve this Stipulation shall consist of all filings of the Company, and all documents and information provided in responses to written and oral data requests and any other material furnished by the Advisory Staff to the Commission, either orally or in writing, to assist the Commission in deciding whether to accept and approve this Stipulation.

8. This Stipulation shall not be considered legal precedent, nor shall it preclude a party from raising any issues in any future proceeding or investigation on similar matters subsequent to this proceeding.

9. This Stipulation represents the full agreement between the parties to the Stipulation and rejection of any part of this Stipulation constitutes a rejection of the whole.

10. If not accepted by the Commission in accordance with the provisions hereof, this Stipulation shall not prejudice the positions taken by any party before the Commission in this proceeding and shall not be admissible evidence therein or in any other proceeding before the Commission.

Respectfully submitted this      day of September, 2001

OFFICE OF THE PUBLIC ADVOCATE

By: \_\_\_\_\_

INDUSTRIAL ENERGY CONSUMERS GROUP

By: \_\_\_\_\_

BANGOR HYDRO-ELECTRIC COMPANY

By: \_\_\_\_\_